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**IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH**

**I.T.A. No.532 of 2006**

**Date of decision: 12.2.2007**

**Commissioner of Income-Tax, Ludhiana-I, Ludhiana ...Appellant**

**Versus**

**Vardhman Spinning & General Mills Ltd., Chandigarh Road,**

**Ludhiana. ...Respondent**

**CORAM: HON'BLE MR.JUSTICE M.M.KUMAR**
**HON'BLE MR.JUSTICE RAJESH BINDAL**

Present: Mr.Sanjiv Bansal, Advocate for the appellant.

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**RAJESH BINDAL, J.**

The Revenue has approached this Court by filing the present appeal under Section 260-A of Income Tax Act, 1961 (for short 'the Act') against order dated 23.3.2006 passed by the Income Tax Appellate Tribunal, Chandigarh Bench 'B', Chandigarh (for short 'the Tribunal') in ITA No. 213/Chandi/2005 in respect of the assessment year 1998-99 raising the following substantial question of law:-

> "Whether on the facts and law, the Hon'ble Income Tax Appellate Tribunal was correct in holding that the sales tax and excise duty were not includible in total turnover for computing deduction u/s 80HHC of I.T.Act, when both the items were realized as a part of sale proceeds of the goods manufactured by the Respondent?"

At the very outset, learned counsel appearing for the Revenue could not dispute that similar question of law has already been gone into by

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this Court in **Commissioner of Income-Tax-I, Ludhiana Vs. M/s Vardhman Polytex Ltd., Chandigarh Road, Ludhiana**, 2006 (203) CTR 397 and answered against the revenue.

For the reasons stated in Vardhman Polytex Ltd's case (supra), the issue raised in the present appeal, being covered by the judgment of jurisdictional High Court, we do not find any merit in the present appeal and the same is accordingly dismissed.

**(Rajesh Bindal)**
**Judge**

**February 12 , 2007** **(M.M.Kumar)**
**Pka** **Judge**